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CHKP

CHINA-HONGKONG PHOTO PRODUCTS HOLDINGS LIMITED
中港照相器材集團有限公司
(Incorporated in Bermuda with limited liability)
(Stock Code: 1123)

ANNOUNCEMENT OF RESULTS FOR THE YEAR ENDED 31 MARCH 2012

HIGHLIGHTS

- Digital product sales experience faster growth, increasing by 68.9%
- DocuXpress service enjoys a healthy 38.5% rise in sales
- Sales of instant products up 34.1%
- Board of Directors recommends final dividend of HK2.5 cents and final special dividend of HK1.5 cents per share

CONSOLIDATED INCOME STATEMENT

Year ended 31 March 2012

	Notes	**2012** *HK$'000*	2011 *HK$'000* (Restated)
REVENUE	*2*	**436,448**	349,495
Cost of sales		**(300,920)**	(231,308)
Gross profit		**135,528**	118,187
Other income and gains, net	*2*	**21,288**	19,818
Changes in fair value of investment properties		**15,375**	12,385
Reversal of provisions	*7*	**24,064**	–
Write-back of impairment of trade and bills receivables, net	*7*	**38,000**	11
Selling and distribution costs		**(62,827)**	(57,676)
Advertising and marketing expenses		**(42,219)**	(22,358)
Administrative expenses		**(58,074)**	(44,952)
Other operating income, net		**8,366**	–

	Notes	2012 HK$'000	2011 HK$'000 (Restated)
PROFIT BEFORE TAX	*3*	**79,501**	25,415
Income tax expense	*4*	**(34,814)**	(2,658)
PROFIT FOR THE YEAR		**44,687**	22,757
Attributable to:			
Owners of the parent		**44,687**	22,986
Non-controlling interests		**–**	(229)
		44,687	22,757
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	*6*		
Basic		**HK3.84 cents**	HK1.98 cents
Diluted		**HK3.84 cents**	HK1.98 cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 March 2012

	2012	2011
	HK$'000	*HK$'000*
		(Restated)
PROFIT FOR THE YEAR	**44,687**	22,757
OTHER COMPREHENSIVE INCOME/(LOSS)		
Exchange differences on translation of foreign operations	**2,129**	(1,020)
Reclassification adjustment on exchange differences upon deregistration of foreign subsidiaries	**(6,925)**	–
Gain on revaluation on a leasehold land and building immediately before the transfer to an investment property	**6,284**	–
Income tax effect	**(1,571)**	–
OTHER COMPREHENSIVE LOSS FOR THE YEAR	**(83)**	(1,020)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**44,604**	21,737
Attributable to:		
Owners of the parent	**44,604**	21,966
Non-controlling interests	**–**	(229)
	44,604	21,737

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 March 2012

	Notes	**31 March 2012 HK$'000**	31 March 2011 HK$'000 (Restated)	1 April 2010 HK$'000 (Restated)
NON-CURRENT ASSETS				
Property, plant and equipment		**31,031**	26,397	29,263
Investment properties		**169,690**	152,950	139,740
Goodwill		**35,878**	35,878	35,878
Rental deposits		**6,515**	5,661	5,252
Deferred tax assets		**114**	3,636	2,072
Held-to-maturity investment		**5,950**	–	–
Total non-current assets		**249,178**	224,522	212,205
CURRENT ASSETS				
Inventories		**118,600**	60,141	34,346
Trade and bills receivables	*7*	**30,382**	12,934	8,434
Prepayments, deposits and other receivables		**13,419**	21,169	38,509
Financial assets at fair value through profit or loss		**–**	126,174	161,437
Tax recoverable		**1,053**	–	–
Cash and cash equivalents		**583,674**	582,482	586,355
Total current assets		**747,128**	802,900	829,081
CURRENT LIABILITIES				
Trade and bills payables	*8*	**26,860**	22,278	14,381
Accrued liabilities and other payables		**46,317**	72,698	61,893
Tax payable		**8,643**	1,609	207
Total current liabilities		**81,820**	96,585	76,481
NET CURRENT ASSETS		**665,308**	706,315	752,600
TOTAL ASSETS LESS CURRENT LIABILITIES		**914,486**	930,837	964,805
NON-CURRENT LIABILITIES				
Accrued liabilities		**11,867**	9,492	15,480
Deferred tax liabilities		**21,261**	16,548	13,894
Total non-current liabilities		**33,128**	26,040	29,374
Net assets		**881,358**	904,797	935,431
EQUITY				
Equity attributable to owners of the parent				
Issued capital		**116,383**	116,383	116,383
Reserves		**718,423**	743,647	779,871
Proposed final dividend	*5*	**29,095**	23,276	17,457
Proposed final special dividend	*5*	**17,457**	11,638	11,638
		881,358	894,944	925,349
Non-controlling interests		**–**	9,853	10,082
Total equity		**881,358**	904,797	935,431

NOTES:

1. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

China-Hongkong Photo Products Holdings Limited (the "**Company**") and its subsidiaries (collectively the "Group"), have adopted the following new and revised Hong Kong Financial Reporting Standards ("HKFRSs") for the first time for the current year's financial statements.

HKFRS 1 Amendment	Amendment to HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards – Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters*
HKAS 12 Amendments	Amendments to HKAS 12 *Income Taxes – Deferred Tax: Recovery of Underlying Assets*
HKAS 24 (Revised)	*Related Party Disclosures*
HK(IFRIC)-Int 14 Amendments	Amendments to HK(IFRIC)-Int 14 *Prepayments of a Minimum Funding Requirement*
HK(IFRIC)-Int 19	*Extinguishing Financial Liabilities with Equity Instruments*
Improvements to HKFRSs 2010	Amendments to a number of HKFRSs issued in May 2010

Other than as further explained below regarding the impact of HKAS 24 (Revised), and amendments to HKFRS 3, HKAS 1 and HKAS 27 included in *Improvements to HKFRSs 2010* and the early adoption of HKAS 12 Amendments, the adoption of the new and revised HKFRSs has had no significant financial effect on these financial statements.

The principal effects of adopting these new and revised HKFRSs are as follows:

(a) HKAS 24 (Revised) *Related Party Disclosures*

HKAS 24 (Revised) clarifies and simplifies the definitions of related parties. The new definitions emphasise a symmetrical view of related party relationships and clarify the circumstances in which persons and key management personnel affect related party relationships of an entity. The revised standard also introduces an exemption from the general related party disclosure requirements for transactions with a government and entities that are controlled, jointly controlled or significantly influenced by the same government as the reporting entity. The accounting policy for related parties has been revised to reflect the changes in the definitions of related parties under the revised standard. The adoption of the revised standard did not have any impact on the financial position or performance of the Group.

(b) *Improvements to HKFRSs 2010* issued in May 2010 sets out amendments to a number of HKFRSs. There are separate transitional provisions for each standard. While the adoption of some of the amendments may result in changes in accounting policies, none of these amendments has had a significant financial impact on the financial position or performance of the Group. Details of the key amendments most applicable to the Group are as follows:

- HKFRS 3 *Business Combinations*: The amendment clarifies that the amendments to HKFRS 7, HKAS 32 and HKAS 39 that eliminate the exemption for contingent consideration do not apply to contingent consideration that arose from business combinations whose acquisition dates precede the application of HKFRS 3 (as revised in 2008).

In addition, the amendment limits the scope of measurement choices for non-controlling interests. Only the components of non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation are measured at either fair value or at the present ownership instruments' proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by another HKFRS.

The amendment also added explicit guidance to clarify the accounting treatment for non-replaced and voluntarily replaced share-based payment awards.

- HKAS 1 *Presentation of Financial Statements*: The amendment clarifies that an analysis of each component of other comprehensive income can be presented either in the statement of changes in equity or in the notes to the financial statements. The Group elects to present the analysis of each component of other comprehensive income in the statement of changes in equity.

- HKAS 27 *Consolidated and Separate Financial Statements*: The amendment clarifies that the consequential amendments from HKAS 27 (as revised in 2008) made to HKAS 21, HKAS 28 and HKAS 31 shall be applied prospectively for annual periods beginning on or after 1 July 2009 or earlier if HKAS 27 is applied earlier.

(c) Early adoption of HKAS 12 Amendments *Income Taxes – Deferred Tax: Recovery of Underlying Assets*

HKAS 12 Amendments (the "Amendments") clarify the determination of deferred tax for investment property measured at fair value. The Amendments introduce a rebuttable presumption that deferred tax on investment property measured at fair value should be determined on the basis that its carrying amount will be recovered through sale. Furthermore, the amendments incorporate the requirement previously in HK(SIC)-Int 21 *Income Taxes – Recovery of Revalued Non-Depreciable Assets* that deferred tax on non-depreciable assets, measured using the revaluation model in HKAS 16, should always be measured on a sale basis. As permitted, the Group has early adopted the amendment.

In Hong Kong, land leases can typically be renewed without a payment of a market-based premium. Given this, it is difficult to assert with a high degree of confidence that the Group would consume substantially all of the economic benefits embodied in the investment property over time.

Consequently, as required by the Amendments, the Group re-measured the deferred tax relating to its investment properties based on the presumption that they are recovered entirely through sale as if this new policy had always been applied. The tax consequences in Hong Kong of a sale of the investment property and of the entity owning the investment property are not significantly different.

In Mainland China, the tax consequences of a sale of the investment property or of the entity owning the investment property may be different. The Group's business model is that the entity owning the investment property will recover the value through use and on this basis the presumption of sale has been rebutted. Consequently, the Group has continued to recognise deferred taxes on the basis that the values of its investment properties in Mainland China are recovered through use.

The effects of the above changes are summarised below:

	2012 HK$'000	2011 HK$'000
Consolidated income statement for the year ended 31 March		
Decrease in income tax expenses	**2,437**	468
Consolidated statement of financial position at 31 March		
Decrease in deferred tax liabilities	**(3,359)**	(922)
Increase in retained profits	**3,359**	454
	–	(468)
Consolidated statement of financial position at 1 April 2010		
Decrease in deferred tax liabilities		(454)
Increase in retained profits		454
		–

Due to the retrospective application of the Amendments which has resulted in the restatement of items in the consolidated statement of financial position, a consolidated statement of financial position as at 1 April 2010 and the related notes affected by the Amendments have been presented in these financial statements.

2. REVENUE, OTHER INCOME AND GAINS, NET

Revenue, which is also the Group's turnover, represents (i) the net invoiced value of goods sold, after allowances for returns and trade discounts; and (ii) income from the rendering of film processing, photo-finishing services and technical services for photographic developing and processing products.

An analysis of revenue, other income and gains, net is as follows:

	2012	2011
	HK$'000	*HK$'000*
		(Restated)
Revenue		
Sale of goods	**325,290**	238,339
Income from the rendering of film processing, photo-finishing services and technical services	**111,158**	111,156
	436,448	349,495
Other income and gains, net		
Interest income	**5,158**	4,232
Gross rental income *(note 3)*	**7,451**	7,568
Fair value (loss)/gain on financial assets at fair value through profit or loss *(note 3)*	**(4,510)**	3,966
Reversal of accrued expenses	**2,967**	–
Promotion subsidies from a supplier	**4,951**	2,681
Others	**5,271**	1,371
	21,288	19,818

3. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	Note	**2012** *HK$'000*	2011 *HK$'000*
Cost of inventories sold*		**247,041**	176,001
Cost of services provided*		**50,981**	55,141
Auditors' remuneration		**1,038**	1,038
Depreciation		**10,977**	10,571
Minimum lease payments under operating leases on land and buildings		**43,196**	36,558
Gain on disposal of items of property, plant and equipment		**(751)**	(83)
Provision for inventories*		**2,898**	166
Impairment of items of property, plant and equipment**		**3,143**	–
Impairment of other receivables**		**3,950**	–
Gain on deregistration of subsidiaries**		**(15,459)**	–
Fair value loss/(gain) on financial assets at fair value through profit or loss	2	**4,510**	(3,966)
Employee benefit expense (including directors' remuneration):			
Wages and salaries		**55,182**	52,746
Pension scheme contributions		**2,395**	2,315
Provision/(write-back of provision) for long service payments		**526**	(364)
Net pension scheme contributions		**2,921**	1,951
		58,103	54,697
Gross rental income	2	**(7,451)**	(7,568)
Direct expenses (including repairs and maintenance) arising on rental-earning investment properties		**395**	452
Net rental income		**(7,056)**	(7,116)
Foreign exchange differences, net		**(2,488)**	(462)

* Included in "Cost of sales" on the face of the consolidated income statement.

** Included in "Other operating income, net" on the face of the consolidated income statement.

4. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2011: 16.5%) on the estimated assessable profits arising in Hong Kong during the year. Taxes on profits assessable in the Mainland China have been calculated at the rates of tax prevailing in the location in which the Group operates.

	2012	2011
	HK$'000	*HK$'000*
		(Restated)
Group:		
Current – Hong Kong		
Charge for the year	**5,936**	1,252
Under/(over) provision in prior years*	**22,050**	(319)
Current – Mainland China	**164**	635
	28,150	1,568
Deferred	**6,664**	1,090
Total tax charge for the year	**34,814**	2,658

* In prior years, the Inland Revenue Department ("IRD") issued various enquiry letters to the Group in relation to the setting off of tax losses totalling HK$232 million which were carried forward by certain wholly-owned subsidiaries ("the Subsidiaries") of the Group from prior years. As the directors considered then that it was premature to draw a conclusion on the possible outcome of the enquiries during prior years, no provision was made and such matters were disclosed as a contingent liability in prior years.

During the year, the Group and the IRD have entered into a compromise settlement with regard to the above tax enquiries and a net tax liability of HK$21,755,000 arose under the compromise settlement. Accordingly, tax provision of HK$21,755,000 was made and included in "under/(over) provision in prior years" during the year. In addition, tax losses of HK$150 million sustained by the Subsidiaries are allowed to be carried forward to offset against future taxable profits of those Subsidiaries. Deferred tax assets have not been recognised in respect of these losses as they are arisen from the Subsidiaries with uncertain future operating profit streams.

A reconciliation of the tax expense applicable to profit before tax at the statutory rates for the locations in which the Company and its subsidiaries are domiciled to the tax expense at the effective tax rates, and a reconciliation of the applicable rates (i.e., statutory tax rates) to the effective tax rates, are as follows:

	Hong Kong *HK$'000*	**Mainland China** *HK$'000*	**Total** *HK$'000*
Group – 2012			
Profit before tax	**62,557**	**16,944**	**79,501**
Statutory tax rates	**16.5%**	**25%**	
Tax at the statutory tax rates	**10,322**	**4,236**	**14,558**
Adjustments in respect of current tax of previous periods	**22,050**	**–**	**22,050**
Adjustments in respect of deferred tax of previous periods	**3,986**	**(461)**	**3,525**
Income not subject to tax	**(19,535)**	**(4,336)**	**(23,871)**
Expenses not deductible for tax	**2,715**	**230**	**2,945**
Tax losses not recognised	**14,685**	**2,431**	**17,116**
Tax losses utilised from previous periods	**(1,509)**	**–**	**(1,509)**
Tax charge at the Group's effective rate	**32,714**	**2,100**	**34,814**

	Hong Kong *HK$'000* (Restated)	Mainland China *HK$'000*	Total *HK$'000* (Restated)
Group – 2011			
Profit before tax	16,521	8,894	25,415
Statutory tax rates	16.5%	25%	
Tax at the statutory tax rates	2,726	2,224	4,950
Adjustments in respect of current tax of previous periods	(319)	–	(319)
Adjustments in respect of deferred tax of previous periods	(3,810)	2,573	(1,237)
Income not subject to tax	(1,396)	(781)	(2,177)
Expenses not deductible for tax	195	1,384	1,579
Tax losses not recognised	1,519	207	1,726
Tax losses utilised from previous periods	(1,864)	–	(1,864)
Tax charge/(credit) at the Group's effective rate	(2,949)	5,607	2,658

5. DIVIDENDS

	2012	2011
	HK$'000	*HK$'000*
Interim special – HK2 cents (2011: HK2 cents) per ordinary share	**23,276**	23,276
Proposed final – HK2.5 cents (2011: HK2 cents) per ordinary share	**29,095**	23,276
Proposed final special – HK1.5 cents (2011: HK1 cent) per ordinary share	**17,457**	11,638
	69,828	58,190

The proposed final dividend and the proposed final special dividend for the year are subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

6. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

(a) Basic earnings per share

The calculation of basic earnings per share is based on:

	Group	
	2012	2011
	HK$'000	*HK$'000*
		(Restated)
Earnings		
Profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation	44,687,000	22,986,000
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	1,163,828,377	1,163,828,377

(b) Diluted earnings per share

No adjustment has been made to the basic earnings per share amounts presented for the years ended 31 March 2012 and 2011 in respect of a dilution as the Group had no potentially dilutive ordinary shares in issue during those years.

7. TRADE AND BILLS RECEIVABLES

	Group	
	2012	2011
	HK$'000	*HK$'000*
Trade and bills receivables	**31,101**	128,330
Impairment	**(719)**	(115,396)
	30,382	12,934

The Group's trading terms with its customers are either on a cash basis or on credit. For credit sales, the credit period is generally 30 days, except for certain well-established customers where the terms are extended to 120 days. Each customer has a maximum credit limit pre-approved by senior management. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk.

An aged analysis of the trade and bills receivables as at the end of the reporting period, based on the payment due date and net of impairment, is as follows:

	Group	
	2012	2011
	HK$'000	*HK$'000*
Current to 3 months	**24,356**	12,934
Over 3 months	**6,026**	–
	30,382	12,934

The movements in provision for impairment of trade and bills receivables are as follows:

	Group	
	2012	2011
	HK$'000	*HK$'000*
At 1 April	**115,396**	115,354
Amount written off as uncollectible	**(77,148)**	(129)
Impairment losses recovered*	**(38,000)**	(11)
Exchange realignment	**471**	182
At 31 March	**719**	115,396

Included in the above provision for impairment of trade and bills receivables is a provision for individually impaired trade receivables of HK$719,000 (2011: HK$115,396,000) with a carrying amount before provision of HK$719,000 (2011: HK$115,396,000). The individually impaired trade and bills receivables relate to customers that were in financial difficulties or in default or delinquency in payments. The Group does not hold any collateral or other credit enhancements over these balances.

* In prior years, the Group had fully provided for certain long outstanding trade receivables of HK$115,148,000 on sales (the "Sales") to certain customers, even though efforts to recover the amount had never ceased.

During the year, the Group reached a settlement agreement with these customers whereby an amount of HK$38,000,000 was recovered.

Furthermore, in connection with the settlement agreement, both the Group and these customers agreed to discharge the other party of any other obligations related to the Sales. As a result, the Group had reversed certain provisions that had been made in prior years related to the Sales in the amount of HK$24,064,000 during this year.

An aged analysis of the trade and bills receivables that are not considered to be impaired is as follows:

	Group	
	2012	2011
	HK$'000	*HK$'000*
Neither past due nor impaired	**20,321**	9,827
Less than 1 month past due	**3,500**	2,990
1 month and over 1 month past due	**6,561**	117
	30,382	12,934

Receivables that were neither past due nor impaired relate to a large number of diversified customers for which there was no recent history of default.

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, the directors of the Company are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Company does not hold any collateral or other credit enhancements over these balances. The carrying amounts of the Group's trade and bills receivables approximate to their fair values.

8. TRADE AND BILLS PAYABLES

An aged analysis of the trade and bills payables at the end of the reporting period, based on the date of goods purchased and services rendered, is as follows:

	Group	
	2012	2011
	HK$'000	*HK$'000*
Current to 3 months	**26,568**	22,240
Over 3 months	**292**	38
	26,860	22,278

The Group's trade and bills payables are non-interest-bearing and are normally settled on 30-day terms. The carrying amounts of the Group's trade and bills payables approximate to their fair values.

OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has four reportable operating segments as follows:

(a) the merchandise segment engages in the marketing and distribution of photographic developing, processing and printing products and the sale of photographic merchandise and skincare products;

(b) the service segment engages in the provision of film processing, photo-finishing services and technical services for photographic developing and processing products;

(c) the investment segment comprises the Group's businesses in investment funds and investment properties; and

(d) the corporate and others segment comprises the Group's corporate income and expense items and other investment businesses.

Management monitors the results of its operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/(loss), which is a measure of adjusted profit/(loss) before tax. The adjusted profit/(loss) before tax is measured consistently with the Group's profit before tax except that interest income and unallocated gains are excluded from such measurement.

Segment assets exclude deferred tax assets, tax recoverable, cash and cash equivalents and other unallocated corporate assets as these assets are managed on a group basis.

Segment liabilities exclude tax payable, deferred tax liabilities and other unallocated corporate liabilities as these liabilities are managed on a group basis.

Intersegment sales and transfers are transacted at cost plus a mark-up of approximately 22% (2011: 21%).

(a) Operating segments

	Merchandise		Service		Investment		Corporate and Others		Eliminations		Consolidated	
	2012	2011	**2012**	2011	**2012**	2011	**2012**	2011	**2012**	2011	**2012**	2011
	HK$'000	*HK$'000* (Restated)	***HK$'000***	*HK$'000* (Restated)	***HK$'000***	*HK$'000* (Restated)	***HK$'000***	*HK$'000* (Restated)	***HK$'000***	*HK$'000* (Restated)	***HK$'000***	*HK$'000* (Restated)
Segment revenue:												
Sales to external customers	**325,290**	238,339	**111,158**	111,156	**–**	–	**–**	–	**–**	–	**436,448**	349,495
Intersegment sales	**33,286**	28,385	**3,400**	3,425	**–**	–	**–**	–	**(36,686)**	(31,810)	**–**	–
Other income and gains, net	**68,498**	2,681	**3,431**	–	**22,373**	18,317	**34,691**	15,148	**(35,424)**	(8,164)	**93,569**	27,982
Total	**427,074**	269,405	**117,989**	114,581	**22,373**	18,317	**34,691**	15,148	**(72,110)**	(39,974)	**530,017**	377,477
Segment results	**51,585**	2,558	**4,221**	201	**17,861**	12,706	**676**	5,718	**–**	–	**74,343**	21,183
Interest income and unallocated gains											**5,158**	4,232
Profit before tax											**79,501**	25,415
Income tax expense											**(34,814)**	(2,658)
Profit for the year											**44,687**	22,757

During the year, the Group performed a review on its businesses and rationalised the allocation for certain expenses to the respective reporting segments. Accordingly, certain comparative amounts have been reclassified to conform to the current year's presentation.

	Merchandise		Service		Investment		Corporate and Others		Consolidated	
	2012	2011	**2012**	2011	**2012**	2011	**2012**	2011	**2012**	2011
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
		(Restated)		(Restated)		(Restated)		(Restated)		(Restated)
Assets and liabilities										
Segment assets	**169,198**	96,256	**47,645**	45,018	**184,951**	281,583	**9,671**	18,447	**411,465**	441,304
Unallocated assets									**584,841**	586,118
Total assets									**996,306**	1,027,422
Segment liabilities	**46,485**	57,790	**5,746**	6,305	**8,479**	10,705	**24,334**	29,668	**85,044**	104,468
Unallocated liabilities									**29,904**	18,157
Total liabilities									**114,948**	122,625
Other segment information:										
Depreciation	**2,132**	2,982	**4,908**	4,605	**–**	–	**3,937**	2,984	**10,977**	10,571
Capital expenditure*	**6,228**	3,604	**6,741**	3,614	**–**	–	**1,717**	368	**14,686**	7,586
Changes in fair value of investment properties	**–**	–	**–**	–	**(15,375)**	(12,385)	**–**	–	**(15,375)**	(12,385)
Impairment of items of property, plant and equipment	**–**	–	**–**	–	**–**	–	**3,143**	–	**3,143**	–
Impairment of other receivables	**–**	–	**–**	–	**–**	–	**3,950**	–	**3,950**	–
Reversal of provisions	**(24,064)**	–	**–**	–	**–**	–	**–**	–	**(24,064)**	–
Reversal of accrued expenses	**(2,967)**	–	**–**	–	**–**	–	**–**	–	**(2,967)**	–
Write-back of impairment of trade and bills receivables, net	**(38,000)**	(11)	**–**	–	**–**	–	**–**	–	**(38,000)**	(11)
Provision for inventories	**2,898**	166	**–**	–	**–**	–	**–**	–	**2,898**	166

* Capital expenditure consists of additions to property, plant and equipment.

(b) Geographical information

	Group	
	2012	2011
	HK$'000	*HK$'000*
Revenue from external customers		
Hong Kong	**436,448**	349,495

The revenue information above is based on the location in which the Group operates.

Non-current assets		
Hong Kong	**142,578**	114,357
Mainland China	**106,486**	106,529
	249,064	220,886

The non-current asset information above is based on the location of assets and excludes deferred tax assets.

(c) Information about a major customer

Revenue of approximately HK$68,497,000 (2011: HK$35,565,000) was derived from sales by the merchandise segment to a single customer.

MANAGEMENT DISCUSSION AND ANALYSIS

Revenue And Profit

For the year ended 31 March 2012, the Group recorded consolidated turnover of HK$436 million, an increase of 24.9% over the HK$349 million of the previous year. Net profit attributable to owners amounted to HK$45 million. Basic earnings per share were HK3.84 cents. A final dividend of HK2.5 cents and a final special dividend of HK1.5 cents per share have been proposed.

Merchandising

Photographic Products

Sales of instant products rose by 34.1%, which attributed to a series of successful promotional strategies. The use of popular licensed Disney characters were highly effective in driving these sales.

The Group experienced an even larger rise in digital product sales, which increased by 68.9% year on year. This was driven by the launch of a number of very desirable, high-specification digital cameras over the year, several of which have won worldwide acclaim for their design and technical capabilities, including FinePix X100, FUJIFILM X10 and FUJIFILM X-Pro1.

Skincare Products

The period under review marked the first full year of results for the Group's skincare venture, FUJIFILM Beauty, which continued to build on its early success by gaining new customers and establishing itself as a competitive player in the valuable Hong Kong market. By 31 March 2012, the Group was operating 7 FUJIFILM Beauty outlets in prime sites in Hong Kong.

The bestselling items in the FUJIFILM Beauty range during the year under review were ASTALIFT Jelly Aquarysta and Collagen Drink 10000, which contributed 28.4% and 26.2% respectively of total sales for the brand.

Photo-finishing And Technical Services

Print processing of digital files continued its downward trend, with the number of prints processed during the year falling by 8.2%. However, the Group has been actively developing other aspects of its photo-finishing services in recent years to counterbalance this trend, and the results for 2011-2012 were positive.

The Group was able to maintain the total sales of photo-finishing at a level similar to last year by focusing on Fotomax's imaging gift items, Fotobook and DocuXpress services. The launch of the pioneering Easy Print App was a very successful innovation, while the DocuXpress service enjoyed an exceptional 38.5% growth in sales.

Brand Management

The Group continued to channel significant resources and creative energy into supporting and enhancing its brands to effectively raise the profiles among Hong Kong consumers.

The Group used a wide variety of advertising channels, including outdoor advertising boards, light boxes in bus shelters and MTR stations, TV commercials, and advertisements on a number of popular websites. Top camera models also received significant public attention through prize promotions and photography conferences.

Staying at the forefront of new technology, the Group launched the Easy Order Software to enhance the user-friendliness of ordering photo processing products. Furthermore, the introduction of the new Easy Print App in the late of the year, being the first smartphone app for photo and document printing launched in Hong Kong, has proven to be extremely popular.

During the year, the Group continued to carefully tailor promotional brand management activities for beauty products to target clientele. The Group advertised FUJIFILM Beauty products widely in fashion and lifestyle magazines as well as high-profile billboards and also featured them in prominent ads in MTR stations, major shopping malls and TV commercials. Published interviews with high-profile local celebrities were another effective way of reinforcing the brand image of its beauty products.

Financial Resources

The financial position of the Group remained sound and healthy during the period under review. As at 31 March 2012, the Group's cash and bank balances were approximately HK$584 million with a zero gearing ratio. Trade receivables of HK$30 million were recorded at the end of the reporting period, while inventories were HK$119 million.

Outlook

For the coming year, the Group has a number of plans and initiatives in place to maintain the strong momentum achieved in recent months. To strengthen the leading position of its instant products in the Hong Kong market, the Group will continue to hold attractive promotions, often in collaboration with leading names like Disney, to capture the attention of consumers.

The Group will also continue organising innovative photography events to boost the profile of the Group's prestigious FinePix and FUJIFILM X-series models. FUJIFILM Japan has already announced that the professional series will be a key area of development over the next few years, and the Group is expecting to see exceptional new cameras emerging as a result. The Group anticipates strong future demand for this range in Hong Kong and will ensure that its brand management activities are tailored accordingly to maximise potential sales.

The Fotomax website is another important area for development. In the coming year, additional resources will be devoted to the website revamp project, with the aim of making the site even more modern and user-friendly so as to attract a greater number of online customers. The Group also plans on developing its mobile printing app further to synchronise with the Android platform, broadening potential coverage even more.

The Group intends to open two more FUJIFILM Beauty shops in the coming year, bringing the total number of locations in Hong Kong to 9. The Group will also organise regular roadshows for its beauty products in the coming year to keep the brand image fresh in the minds of consumers. Meanwhile, the Group is regularly adding new skincare and cosmetics products to the FUJIFILM Beauty portfolio.

Closure of Share Register

The Annual General Meeting of the Company is scheduled on Friday, 10 August 2012. For determining the entitlement to attend and vote at the Annual General Meeting, the register of members of the Company will be closed from Wednesday, 8 August 2012 to Friday, 10 August 2012, both days inclusive, during which period no transfer of shares will be registered. In order to be eligible to attend and vote at the Annual General Meeting, all transfers of shares, accompanied by the relevant share certificates, must be lodged with the Company's branch share registrar in Hong Kong, Tricor Tengis Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, for registration not later than 4:30 p.m. on Tuesday, 7 August 2012.

The proposed final dividend and the proposed final special dividend are subject to the approval of the shareholders at the Annual General Meeting. The record date for entitlement to the proposed final dividend and the proposed final special dividend is Friday, 17 August 2012. For determining the entitlement to the proposed final dividend and the proposed final special dividend, the register of members of the Company will be closed on both days of Thursday, 16 August 2012 and Friday, 17 August 2012, during which period no transfer of shares will be registered. In order to qualify for the proposed final dividend and the proposed final special dividend, all transfers of shares, accompanied by the relevant share certificates, must be lodged with the Company's branch share registrar in Hong Kong, Tricor Tengis Limited, at the above address, for registration not later than 4:30 p.m. on Wednesday, 15 August 2012. The proposed final dividend and proposed final special dividend will be paid on Thursday, 6 September 2012.

Purchase, Sale or Redemption of Listed Securities

Neither the Company, nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year.

Audit Committee

The Company has an audit committee (the “Committee”) which was established in accordance with the Rules 3.21 of the Listing Rules, for the purpose of reviewing and providing supervision over the Group’s financial reporting process and internal controls. The Committee comprises a total of four independent non-executive directors of the Company. The Group’s financial statements for the year ended 31 March 2012 have been reviewed by the Committee, who are of the opinion that such statements comply with the applicable accounting standards and that adequate disclosures have been made.

CODE ON CORPORATE GOVERNANCE PRACTICES

In the opinion of the directors, the Company has complied with the code provisions as set out in Appendix 14 of the Main Board Listing Rules (the “CG Code”) throughout the year ended 31 March 2012, except that

(1) The roles of Chairman and Chief Executive Officer have not been separated. Dr Sun Tai Lun, Dennis is the Chairman and Chief Executive Officer of the Company. The Board believes that vesting the role of both Chairman and Chief Executive Officer in the same personal provides the Company with strong and consistent leadership and allows for effective and efficient planning and implementation of business decisions and strategies; and

(2) The non-executive directors have not entered into any service contract with the Company and are not appointed for a specific term but are subject to retirement by rotation at the Company’s annual general meeting.

Full details on the subject of corporate governance are set out in the Company’s 2012 Annual Report.

MEMBERS OF THE BOARD

As of the date of this announcement, Dr Sun Tai Lun, Dennis is the Chairman of the Board, Mr Sun Tao Hung, Stanley is the Deputy Chairman of the Board, Mr Tang Kwok Tong, Simon and Ms Ng Yuk Wah, Eileen are the executive directors. Mr Au Man Chung, Malcolm, Mr Li Ka Fai, David, Mr Liu Hui, Allan and Dr Wong Chi Yun, Allan are the independent non-executive directors.

On behalf of the Board
Sun Tai Lun
Chairman

HKSAR, 20 June 2012
http://www. chinahkphoto.com.hk